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Chair: Mr. Tommo Monthe ..... (Cameroon)
Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

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The meeting was called to order at 3 p.m.

Agenda item 137: Programme planning (A/72/16, A/72/72 and A/72/73/Rev.1)

1. **The Chair** drew attention to the report of the Committee for Programme and Coordination (CPC) on its fifty-seventh session (A/72/16), the report of the Office of Internal Oversight Services (OIOS) on strengthening the role of evaluation and the application of evaluation findings on programme design, delivery and policy directives (A/72/72), and the report of the Secretary-General on proposed revisions to the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (article VII and annex) (A/72/73/Rev.1).

2. **Ms. Pereira Sotomayor** (Ecuador), speaking on behalf of the Group of 77 and China, said that the Group attached great importance to the work of CPC as the main subsidiary organ of the General Assembly and the Economic and Social Council responsible for supporting the crucial task of translating intergovernmental mandates into workable programmes. CPC offered guidance to the Secretariat by interpreting legislative mandates and developed evaluation procedures to improve programme design and avoid duplication of work; it embodied the core oversight capacity of the General Assembly in those areas. She appreciated the continued commitment of CPC to promoting accountability, monitoring and evaluation of programme results and endorsed the recommendations and conclusions contained in the report on its fifty-seventh session (A/72/16). The Group attached high priority to the programme planning process for the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development. The implementation of the framework for the Sustainable Development Goals was particularly important, as it covered the next six bienniums and related to virtually every aspect of the United Nations development system.

3. The Group supported the efforts of the Office of the Special Adviser on Africa to implement the New Partnership for Africa's Development. It recommended that the General Assembly request United Nations system organizations and intergovernmental bodies to take into consideration the comments and input of regional and subregional organizations, including the African Union, in formulating policies and taking decisions, in particular in the areas of youth unemployment, extremism and terrorism, governance, the protection of women and children, mediation, conflict prevention, and peace and security, in accordance with the Charter of the United Nations. Given the importance of evaluation processes in the Secretariat, the Group expected the recommendations and conclusions of CPC to be diligently implemented by managers. She noted with satisfaction that the reports of the Joint Inspection Unit (JIU) continued to be submitted for consideration by CPC and encouraged JIU to intensify its efforts to submit relevant reports to CPC in order to enable it to achieve its objectives and account for its successes.

4. The Secretariat should make better use of in-house expertise in carrying out evaluations in Secretariat entities, in particular by drawing on the expertise of internal and external oversight bodies. When preparing future plan outlines, the Secretariat must also consult widely with Member States before presenting proposals on management reform to the General Assembly. Lastly, the Group attached great importance to the programme performance report as a key accountability and management tool for Member States and the Secretariat, particularly with regard to lessons learned, while emphasizing that additional outputs during a biennium should stem primarily from intergovernmental mandates.

Agenda item 145: Report on the activities of the Office of Internal Oversight Services (A/72/120, A/72/120/Add.1, A/72/298, A/72/298/Add.1, A/72/330 (Part I) and A/72/330 (Part I)/Add.1)

Agenda item 134: Review of the efficiency of the administrative and financial functioning of the United Nations (A/72/295)

5. **Ms. Mendoza** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (OIOS) on its non-peacekeeping activities from 1 July 2016 to 30 June 2017 (A/72/330 (Part I) and A/72/330 (Part I)/Add.1), said that, during the reporting period, OIOS had issued 374 oversight reports, including 7 reports to the General Assembly and 30 closure reports. The reports included 1,183 recommendations to improve internal controls, accountability mechanisms and organizational efficiency and effectiveness, of which 29 had been classified as critical to the Organization. The reports also provided an analysis, covering a three-year period, of trends in audit recommendations, classified according to the five integrated components of internal control: control environment, information and communication, risk assessment, control activities and monitoring. In each of those years the bulk of the recommendations related to control activities, which referred to a range of policies, procedures and other mechanisms used to minimize risks during programme implementation.

6. Following its review of the standardized ratings assigned to audits, the Office had decided, as at 1 October 2016, to replace such ratings with appropriately tailored overall conclusions, in order to improve communication of the results of internal audits. The use of such conclusions was in line with the standards of the Institute of Internal Auditors and was better suited to the Office's diverse set of clients, who operated in a variety of risk environments and whose portfolios were at different levels of maturity within the internal control system.

7. OIOS had implemented a number of improvements to improve its focus and accountability for its resources. The Internal Audit Division and the Inspection and Evaluation Division were revising their methodology to more effectively identify risks and ensure that their work plans were aligned with the Organization's enterprise risk management strategy. In addition, all three divisions of OIOS were participating in learning activities in order to allow staff to fully leverage the comprehensive information available through Umoja. For instance, the Internal Audit Division had established a working group to develop standard procedures for auditing typical processes based on Umoja processes and functionalities and to train auditors on the use of data analytics. Synthesizing information across the Office's audit, evaluation and investigation functions also enabled a better understanding of the connections needed to improve oversight, while providing management with the insight required to promote enterprise-level accountability.

8. The Investigations Division had undertaken major recruiting exercises and was conducting activities, including training sessions, aimed at strengthening the Organization's capacity to investigate incidents of sexual exploitation and abuse. The Division had also made robust efforts to identify risks and weaknesses in organizational governance, promote a culture of ethical integrity, and combat fraudulent and corrupt activities, which posed serious financial, operational and reputational threats to the Organization. OIOS would support the Secretary-General in his oversight responsibilities with a view to creating a strong and accountable United Nations fortified by world-class internal oversight and empowered by its mission of delivering objective and effectual results.

9. **The Chair** drew attention to the report of the Joint Inspection Unit (JIU) entitled "State of the internal audit function in the United Nations system" (A/72/120) and to the note by the Secretary-General transmitting his related comments and those of the United Nations System Chief Executives Board for Coordination (A/72/120/Add.1). He also drew attention to the report of the Joint Inspection Unit (JIU) entitled "Donor-led assessments of the United Nations system organizations"(A/72/298) and to the note by the Secretary-General transmitting his related comments and those of the United Nations System Chief Executives Board for Coordination (A/72/298/Add.1).

10. **Ms. Pulido Tan** (Chair of the Independent Audit Advisory Committee), introducing the report of the Independent Audit Advisory Committee (IAAC) on its activities for the period from 1 August 2016 to 31 July 2017 (A/72/295), said that IAAC was responsible for advising the General Assembly on compliance by management with audit and oversight bodies' recommendations, including by monitoring the quality, level of follow-up, and rate of implementation of those recommendations, with a view to identifying and addressing weaknesses in the internal control system and programme performance. While there had been improvement in the implementation rate of oversight bodies' recommendations, management must continue its efforts to ensure their timely implementation.

11. Although notable efforts had been made to strengthen enterprise risk management, the Secretary-General must ensure provision of the capacities required for its effective implementation and maintenance. To that end, IAAC agreed with the recommendation of the Board of Auditors that the Administration should develop a detailed implementation plan for all elements of enterprise risk management that provided for a clear timetable, milestones, deliverables, resource requirements and an accountability system. Furthermore, given the dynamic and evolving nature of enterprise risk assessments, risk treatment plans should be updated in a timely manner. IAAC remained concerned at the slow process by which departments considered to be champions of risk management, such as OIOS and the Department of Management, were implementing enterprise risk management and called on the Office to lead by example in that regard.

12. Progress had been made in managing risks associated with extrabudgetary funding and management, particularly as they related to the inability to identify, establish and maintain the optimal structure and controls for trust funds, resulting in a loss or misuse of assets. Given the reality of the need for extrabudgetary funding, the Organization must continue its efforts to fully assess and manage the related risks. IAAC had held a number of discussions relating to emerging risks and would focus greater attention on threats to cybersecurity and digitalization during the next reporting period.

13. With regard to the effectiveness, efficiency and impact of the activities of OIOS, IAAC recommended that the Office review its decision to discontinue the ratings system for audit reports, stressing the need to improve the transparency and objectivity of report ratings rather than dispensing with them altogether. IAAC commended OIOS on the results of its most recent external quality assessment, in which the examiner had determined, for the first time, that the Office generally conformed to the standards and code of ethics of the Institute of Internal Auditors. OIOS must nevertheless work to establish outcome-oriented goals and performance indicators, while drawing on data visualization techniques to analyse trends over time, depict progress towards targets, identify areas that required action, and determine the details of the action needed. The Office should continue to report the results of its external quality assessments to all stakeholders, in accordance with the standards of the Institute of Internal Auditors, and should expedite the external quality assessment process for the Inspection and Evaluation Division and the Investigations Division. To date, OIOS had conducted no client satisfaction surveys, despite the previous recommendation of IAAC in that regard; it should therefore ensure that such surveys were conducted in the future by all of its divisions and the Office as a whole.

14. IAAC found the Office's arguments for delaying the establishment of a central intake mechanism for investigations unconvincing. Instead of implementing a comprehensive intake system as part of the recently developed case management platform GoCase, OIOS had decided to establish such a system only for reports of sexual exploitation and abuse, using its existing hotline, which could not adequately fulfil the function of a central intake mechanism. OIOS should therefore develop an effective central intake mechanism as a matter of priority, in line with the previous recommendations of IAAC, the Advisory Committee on Administrative and Budgetary Questions, JIU and the Board of Auditors, as well as the decisions of the Management Committee and General Assembly resolutions 59/287 and 71/283. The Office should also redouble its efforts to fill vacancies in the Investigations Division.

15. With regard to financial reporting, IAAC commended the Secretariat for bringing the Organization's accounting standards into line with International Public Sector Accounting Standards and for identifying lessons learned that could inform the implementation of similar projects. IAAC recommended that Umoja should be equipped with an audit module that took into account the needs of OIOS in order to strengthen the Organization's system of internal oversight. In that connection, it welcomed the progress made in improving the internal control system and emphasized the importance of educating managers and staff with regard to the importance of strong internal controls. In the future, IAAC planned to conduct a more thorough review of the Organization's statement of internal control in order to ensure that it contained all of the essential elements, including sections on scope of responsibility, the purpose of the internal control system, the risk and control framework, and the review of the system's effectiveness. Lastly, while welcoming the Office's renewed efforts to tackle fraud and corruption, IAAC believed that, without an effective central intake system, the concerns of oversight bodies regarding the underreporting of fraud would not be addressed.

16. **Ms. Pereira Sotomayor** (Ecuador), speaking on behalf of the Group of 77 and China, acknowledged the important strategic role played by OIOS in enhancing oversight, pursuant to General Assembly resolution 48/218 B, and encouraged OIOS staff to implement its mandate effectively, in line with the relevant General Assembly decisions and Secretary-General's administrative instructions.

17. She noted the various recommendations issued by OIOS relating to, inter alia, cost savings, recovery of overpayments, and efficiency gains, the financial implications of which amounted to $16 million. She also welcomed the initiatives that had been undertaken by the Office to strengthen its functions and promote cooperation and coordination with other oversight bodies, which would be critical for ensuring high standards of professionalism and efficiency and reducing gaps, duplication and overlap in oversight work. The Office should continue to collaborate with entities in its professional network, in particular those focused on auditing and evaluation, while complying with international professional standards in those areas. The value of the Office's work was greatly enhanced by the preparation and use of manuals and guidelines relating to all aspects of its work; the establishment and operationalization of consultative forums; and capacity building through training and recruitment. The Group was nevertheless concerned at the vacancy rate in the Investigations Division, which had stood at 21.2 per cent as at 31 May 2017, as it could hamper the ability of OIOS to carry out its investigative functions. The Group therefore concurred with IAAC on the need for OIOS to develop innovative recruitment strategies as a matter of priority.

18. Commending the Office's commitment to implementing enterprise risk management, she urged senior management to actively lead that effort in order to ensure that managing risks became a standard way of doing business. In that regard, she expected that the realism of the timelines set out in the risk action plans approved in June 2015 would be reassessed. While the assessment of evaluation capacity across the Organization had yielded mixed results, the progress made in strengthening evaluation functions and the increase in the number of entities with evaluation policies and plans were encouraging. She expected that the Office would focus on addressing the limitations that it had faced in preparing its related report (A/72/72) in order to provide an accurate picture of the evaluation capacity of the United Nations system. As some entities lacked the expertise, resources and evaluation policies required to effectively undertake evaluation activities, the Group called for the allocation of adequate resources for such activities and the establishment of evaluation policies in all United Nations entities. She trusted that, in building the capacity needed to establish a robust evaluation function based on appropriate policies, methodologies, plans, resources and best practices, the Secretary-General would endeavour to ensure the operational independence of OIOS. She also expressed gratitude to those stakeholders that had contributed extrabudgetary resources for evaluation activities and urged stakeholders that had not made such contributions to do so.

19. IAAC had issued useful recommendations to the General Assembly on compliance with audit requirements, enterprise risk management and the internal control framework, mobilization and management of funds, financial reporting, and strengthening of the evaluation, auditing and evaluation functions. She recognized the importance of the efforts undertaken by IAAC to improve coordination with oversight bodies and encouraged it to capitalize on further opportunities for collaboration.

20. The Group emphasized the importance of voluntary contributions and pooled funding mechanisms for mandate fulfilment, and supported the establishment of a mechanism aimed at enhancing access to information on donor assessments. It also agreed with JIU on the need to organize a high-level dialogue between donors and the executive heads of United Nations system organizations in order to determine shared priorities and establish a multi-stakeholder assessment framework.

21. **Ms. Bodenmann** (Switzerland), speaking also on behalf of Liechtenstein, highlighted the central role of OIOS in strengthening the governance and functioning of the United Nations, and the need for a robust internal oversight function to enhance the Organization's accountability, transparency, and ability to fulfil its mandates, in line with the objectives of the Secretary-General's management reform initiative.

22. In order to provide valuable oversight, OIOS must maintain an appropriate degree of real and perceived independence from the Administration at the United Nations and funds and programmes. In that regard, the two delegations agreed with IAAC that the Office must strike an appropriate balance between the imperatives of advising management and maintaining operational independence.

23. A risk-focused approach to oversight was essential. To that end, management must be encouraged to ensure that systematic identification and management of risks became a standard way of doing business. She agreed with the Board of Auditors with regard to the need for the Secretariat to develop a detailed implementation plan for all elements of enterprise risk management.

24. While significant progress had been made, OIOS must redouble its efforts to prevent sexual exploitation and abuse and ensure the protection of civilians. She agreed with the previous recommendation of IAAC that the Office should identify the specific management controls that needed to be in place in a peacekeeping mission from the outset, and monitor their effectiveness as new operations were formed. That would enhance the ability of the Organization to prevent cases of abuse, in addition to reducing the need to investigate such cases. Furthermore, the Office must have adequate resources and capacities to investigate allegations in a timely manner in order to hold perpetrators accountable.

25. **Ms. Norman Chalet** (United States of America) said that the efforts of OIOS to address fraud, waste and mismanagement were vital to the sustainability and effectiveness of the United Nations. She commended the Office for the audits and investigations of high-level fraud and corruption that it had conducted in 2016 and 2017, and for strengthening its proactive operational response in high-risk areas such as medical insurance fraud, educational grant fraud and implementing partner fraud. Greater efforts must nevertheless be undertaken to comprehensively address the underreporting of fraud.

26. She noted the success of OIOS in reducing the average time taken to complete an investigation from an all-time high of 23 months in 2011 to the current time frame of 10 months and encouraged the Office to continue working towards its target of completing

investigations in 6 months. The documentation of 31 substantiated allegations during the reporting period illustrated the importance of conducting investigations expeditiously. In addition, OIOS must continue to investigate allegations of misconduct, in particular sexual exploitation and abuse, against United Nations personnel, and to work with other United Nations entities to strengthen system-wide investigative capacity in that area. The Office must also continue working with the Ethics Office to strengthen coordination and cooperation in implementing the Secretary-General's policy on protection against retaliation and to investigate matters related to retaliation in a timely manner. To that end, vacancies in the Investigations Division at Headquarters and regional offices must be filled as a matter of priority.

27. She welcomed the positive outcome of the external quality assessment of the Office's Internal Audit Division and encouraged OIOS to improve its use of data analytics in order to manage risks and ensure optimal utilization of the information available through Umoja. OIOS should also strengthen its capacity to conduct performance audits. In that regard, she noted with appreciation the Office's efforts to utilize evaluations in order to promote meaningful organizational change and the effective and efficient implementation of mandates. Lastly, her delegation remained committed to strengthening the operational independence of OIOS, including by granting it greater authority and flexibility with regard to the use of its resources, and commended the Office's efforts to update its guidelines and protocols on advising management about situations subject to audit or investigation.

28. **Mr. Locsin** (Philippines) said that his delegation supported the role of OIOS in promoting a culture of accountability, transparency, efficiency and good governance. While separation between internal and external oversight bodies must be maintained in order to ensure effective supervision, cooperation between such bodies remained critical to the successful implementation of their mandates. His delegation welcomed the positive outcome of the external quality assessment of the Office's Internal Audit Division and commended the efforts of OIOS to encourage members of its divisions to exchange best practices in order to strengthen fulfilment of their mandates. Such cooperation improved the quality of the guidance provided to the General Assembly and United Nations leadership and exemplified a valuable alternative to a silo mentality.

29. Noting the recommendations of IAAC for improving the Office's effectiveness in combating fraud and corruption, he expected that OIOS would take steps to address the need for a central intake mechanism and looked forward to learning more about the Office's efforts in that regard during informal consultations. In addition, he noted the endorsement by IAAC of the Office's efforts to align its operations with the requirements of the 2030 Agenda, in particular the decision of the Inspection and Evaluation Division to include reviews of the Sustainable Development Goals in its evaluations and to designate support for the Goals as one of the high-risk focus areas of the Organization.

The meeting rose at 4.10 p.m.